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Haylee Behrends

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**Belarus and Interdependence: The Influence of
Dependence on International Interaction**

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Author: Bc. Haylee Behrends

Supervisor: Mgr. Karel Svoboda, Ph.D.

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Abstract

In today's globalized world it is nearly impossible for countries to act independently without some degree of cooperation. It is even more difficult for countries with high levels of dependence. Dependence in Belarus on others influences its foreign policy in a way that inhibits Belarus' power. The degree of dependence, power, and interdependence in Belarus is analyzed by looking at its level of participation in international organizations, trade partners, and reliance on foreign aid.

Abstrakt

V dnešním globalizovaném světě je téměř nemožné, aby země jednaly nezávisle bez jisté míry spolupráce. To je dokonce ještě obtížnější pro země s vysokou úrovní závislosti. Závislost Běloruska na ostatních ovlivňuje jeho zahraniční politiku takovým způsobem, který potlačuje sílu Běloruska. Stupeň závislosti, síly a vzájemné závislosti Běloruska je analyzován pohledem na jeho úroveň účasti v mezinárodních organizacích, obchodní partnery a spoléhání se na cizí pomoc.

Klíčová slova

Bělorusko, Vzájemná závislost, závislost, Rusko, Evropská unie, Posilovač

Keywords

Belarus, Interdependence, Dependence, Russia, European Union, Power

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Declaration of Authorship

1. The author hereby declares that he compiled this thesis independently, using only the listed resources and literature.
2. The author hereby declares that all the sources and literature used have been properly cited.
3. The author hereby declares that the thesis has not been used to obtain a different or the same degree.

Prague 15 August 2016

Haylee Behrends

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1 Introduction

Today scholars devote attention to the role of interdependence in an increasingly globalized world. In order to be a part of the international community and survive as a nation, it is increasingly more necessary to cooperate with other nations. The required amount of cooperation with other countries depends on the amount of power that the country has and what exactly they are hoping to gain (or not lose) by cooperating with others. Belarus has a significant amount of dependence on Russia and has been in this predicament predominantly since Lukashenko became president of Belarus and reestablished strong ties with Russia.

This research aims to answer the following questions: How do the relationships that Belarus has with international organizations influence its dependence, and how does Belarus' dependence influence these relationships? On who and on what is Belarus dependent? Who benefits from this dependence? Is there incentive to lose this dependence? And is it even possible?

There has been research done on the foreign policies in Belarus and how Lukashenko strategizes his policies in a way to legitimize his power. Further research is done on how Lukashenko is dependent on Russia and how President Lukashenko attempts to lessen his dependence on Russia by looking to the West or to others. My research also examines Belarus' relationship with Russia and the high level of dependence Belarus has on Russia, but more specifically elaborates the situation that Belarus cannot exit its dependence on Russia without increasing its dependence on other actors who have more power than Belarus.

This research focuses on the quantity and quality of dependence in Belarus based on the quality of international partnerships and trade partners. This is not economic research although includes topics related to the Belarusian economy such as GDP and trade turnover with various partners in order to highlight the level of interdependence between Belarus and its partners. This research is not economic research but deals with economic markers that indicate the level of interaction that Belarus has with various trading partners. I also look at the type of goods that Belarus imports and exports and how crucial these goods are in shaping the relationship Belarus has with its trading partners. This research examines the various organizations that Belarus is involved in and how actively involved and cooperative Belarus is with or within these organizations.

Lukashenko is trapped in a cycle of dependence and would only be able to transfer current dependence onto another actor who would exert more power on Belarus. Understanding how Belarus exists between the European Union and Russia provides insight into understanding how the two hegemonies of the European Union and Russia interact with each other. Belarus' location and role as a transit route makes it nearly impossible for Belarus to act independently without outside powers attempting to influence how the country acts, as they see both see the benefits of having Belarus allied with them. Lukashenko has used this position to its advantage in order to extract financial assistance from various directions.

My hypothesis is that Belarus' dependence on Russia impedes Belarus' relationships with other international institutions and decreases Belarus' power in choosing who to cooperate with. Additionally, Lukashenko's policies increase conflict and decrease cooperation within the international community, further decreasing interdependence. What is interdependence and its

importance for international relations and the foreign policy of countries is discussed in the literature review.

2 Literature Review

2.1 Dependence and Interdependence

2.1.1 Realism and Liberalism

To understand and define the theory of interdependence, which is the main theoretical concept used in this research, it is necessary to understand the two main approaches to dealing with this concept, i.e. the realist approach and the liberal approach.

Realism in international relations is arguably the more pessimistic way to approach looking at the world compared to liberalism. Realists view cooperation as having some negative consequences and not always the goal of countries, whereas liberals think most countries strive for cooperation and there are little negative consequences. Realists believe that self-interest dominates in international affairs and that power plays a significant role. They also assert that countries behave rationally or irrationally and this interplay impacts the country's role in the international area. Behaving rationally in the realist sense means behaving in a way that would maximize profits and minimize military threats. Liberals think that countries do not always act out of merely self-interest or seeking profits. Realists rely on the idea of human nature and that humans are not animals who abide by the laws of nature, but we are also not perfect and celestial.

Humans ought to follow human nature and follow instincts, which realists view as rational. Realists acknowledge fear as a driving motivation for human action.¹

2.1.2 Definitions of Interdependence

Interdependence descends from the concept of dependence. Dependence is the opposite of power. The concept of power has dominated scholarly research in international relations. Realists define power as the ability to get others to do what they otherwise might not want to do because the one with the power has materials that the other wants.² The one who does not have the ability to do this is dependent. Most countries have something to offer their partner so there is rarely a case of pure dependence and instead countries offer each other something and it becomes a situation of interdependence, not just power and dependence. Within interdependent relationships, sometimes one country has more power than the other and the other country is more dependent. The more dependent country still has some power within an interdependent relationship. If it did not, then the country would surely end the relationship, especially if countries behave in a way that motivates their self-interest, as realists believe.

Dependence affects the relationship of the actors in the relationship in a variety of ways. James A. Schellenberg in 1965 claimed that the value dependence could be measured by taking the ratio of rewards and costs over the desire to find and availability of alternatives. Schellenberg discusses the three concepts of collaboration, exploitation, and disengagement and their relation to

¹ Forde, Steven. "International Realism and the Science of Politics: Thucydides, Machiavelli, and Neorealism." *International Studies Quarterly* 39, no. 2 (1995): 144-148

² Barnett, Michael, and Duval Raymond. "Power in International Politics." *International Organization* 59, no. 1 (2005): 40

dependence. Collaboration is two actors working together, exploitation is one actor taking advantage of the other actor, and disengagement is when both parties decide to end their relationship. The likelihood for collaboration increases as the level of dependence increases. The tendency towards exploitation is directly related to the level of dependence of the other partner and indirectly related to the dependence of the actor. The tendency towards disengagement is indirectly related to the level of dependence. Schellenberg goes on to state that collaboration from one, increases as collaboration from the other also increases and that the tendency towards disengagement increases as the level of exportation increases from the other partner.³

Interdependence is complex and does not have one clear definition. For some theorists such as Rosecrance et al interdependence is a something that can be measured and analyzed as data and they use this data to explain changes in interdependence. One way in which interdependence is measured is by measuring the flow of goods between states. Interdependence is not stable over time as relationships between countries changes overtime and sometimes something that is positive for one country no longer is positive for the other. Both economic and political factors influence interdependence, not only economic factors- although they exhibit a great degree of control over the interconnectedness of different partners, although in light of economic downturn, political influence in interdependence increases.⁴

Robert O. Keohane and Joseph S. Nye wrote extensively about interdependence in their groundbreaking work *Power and Interdependence*. Written in 1989, they apply their theory primarily on

³ Schellenberg, James A. "Dependence and Cooperation." *Sociometry* 28, no. 2 (1965): 158-160

⁴ Rosecrance, R., Alexandroff A., Koehler W., Kroll J., Laqueur S., and Stocker J. "Whither Interdependence?" *International Organization* 31, no. 3 (1977): 425, 441, 442-443

the United States and it's the USA's relationship with other countries. Keohane and Nye begin by defining dependence because in order to understand interdependence it is necessary to understand dependence. According to Keohane and Nye dependence means "a state of being determined or significantly affected by external forces". They then define interdependence as "mutual dependence". This means that countries are connected with each other and vulnerable to any changes outside the country. Most countries have something to offer another country and coexist in a globalized community that cannot become less connected. Dependence also is contingent upon what the country depends on from another foreign actor. Some goods are more important for national security than others. For instance, oil is more crucial to security than luxury goods. Interdependence should not be seen as solely positive and a combatant against dependence. Keohane and Nye explicitly state that "interdependence will always involve costs because interdependence restricts autonomy". Interdependency may restrict autonomy, but dependence would outright prevent autonomy so interdependency is a still a preferable option for autonomy than dependence and a favorable position for the less powerful country to be in. Under the theory of interdependence, domestic policy and foreign policy have a mutually beneficial relationship. Interdependence not only contributes to increased relations with foreign actors, but in turn leads to a more stable environment domestically. Keohane and Nye stress that interdependence does not ultimately decrease any problems within the international realm. Interdependence is not a zero-sum game. Power can increase simultaneously in each country, if the status-quo remains the same. Interdependence means mutual dependence; yet, interdependence does not lead to or even mean that each actor will mutually benefit each other equally. In the majority of cases, one country is rarely or never fully dependent on another

country. There is a spectrum of dependence and interdependence, with essentially everyone having some degree of interdependence. Each country offers at least something to the other. Usually there is an unequal level of interdependence where one country is more dependent on the other and vice versa. Interdependence is not an alternative to dependence but instead a variation of dependence. Interdependence is not a way for a dependent to break out of dependence entirely but acts as a way for both partners to depend on each other in some way. The degree of dependence depends on the partner within the relationship. Within the context of globalization, most countries are offering at least something to their partners and alliances, either through trade or through ideological partnerships.⁵

Political Scientist David A. Baldwin in 1981 attempted to define interdependence, not by creating a new definition, but instead by clarifying already existing definitions in order to hopefully make it possible to measure interdependence as a concise concept. Without a clear definition, measuring the concept could be possible, but would make the outcomes of these measurements difficult to compare or analyze. Within the arena of international relations, early theorists define interdependence either as reliance on others or as mutual benefits, with benefits also meaning avoiding the next worst alternative, even if there are not any added benefits. A relationship is only interdependent if it is better to keep the relationship than to end it, regardless of how bad the relationship is. If ending the relationship would have no consequences or if things would in fact get better, then the relationship was not interdependent. If there is force within the relationship, then the level of interdependence decreases. Some of the key aspects of an

⁵ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence*, (USA: Library of Congress Cataloging-in-Publication Data, 1989), 8-10

interdependent relationship are mutual benefit, high cost of ending the relationship, respect of the partners, and a tolerance of the ill-fate of the world/situation. In sum, Baldwin defines the main aspect of interdependence as having low opportunity costs. He concludes with the bold statement that it is crucial to understand the costs and benefits of interdependence and have a clear definition otherwise “mankind’s survival is endangered”.⁶

2.1.3 Interdependence and Conflict

Scholars devote a significant amount of attention to the interrelationship between interdependence and conflict. Conflict deterrence (or promotion) is one of the main aspects within the theoretic study of interdependence. Within the study of interdependence there are two main theoretical camps, realist and liberal. Liberal theorists view interdependence as a means for decreasing conflict, while realists are more critical of interdependence. Realists think that interdependence can increase or decrease conflict, depending on the situation, and that cooperation between countries is not always the most rational choice.

Zeev Maoz outlines the shortcomings of the current state of art on interdependence in four categories, but these can essentially be summarized into only two- emphasis on economic interdependence and emphasis on “dyadic relationships”. One shortcoming is the emphasis on trade and economic relationships between states and not enough attention is given to the other areas in which states can be interconnected and that these other avenues can often off-set the economic ties between two countries. Another shortcoming in the current state of art according

⁶ Baldwin, David A. "Interdependence and Power: A Conceptual Analysis." *International Organization* 34, no. 4 (1980): 471-472, 482-484. 505-506

to Maoz is that attention is primarily given to states with direct ties to each other, without focus on the fact that some states can have interdependence without being in direct contact. Maoz's primary goal in his literature is to analyze the effect of interdependence on conflict, while noting that conflict can also affect interdependence. Realists conclude that interdependence can raise conflict between states by giving one state less autonomy and perhaps being at the will of the more powerful state, but on the other hand other realists conclude that interdependence decreases conflicts in "dyadic relationships". Liberal theorists view interdependence as good both economically and strategically, with the primary goal of interdependence to decrease uncertainty. If there is more strategic interdependence, there is less need for conflict. Maoz outlines that liberal theorists think that interdependence decreases conflict on every level, although it might increase conflict to a third party, but realists disagree with this notion and state that interdependence does not always hinder or prevent conflict.⁷

Scholar Susan M. McMillan also writes about conflict and interdependence in her research *Interdependence and Conflict*. She gives attention to the overlap between economic interdependence and political interdependence which she describes as not having significant attention within the research on interdependence. McMillan describes that most attention is given to economic interdependence and that liberal theorists believe that interdependence decreases conflict and are all in consensus with this. However, she notes that people measure different aspects of economic interdependence (trade proportion of GDP, trade volumes, trade values, etc.) but do not distinguish which of these economic factors has the biggest role in

⁷ Maoz, Zeev. "The Effects of Strategic and Economic Interdependence on International Conflict across Levels of Analysis." *American Journal of Political Science* 53, no. 1 (2009): 223-225

decreasing conflict. McMillan criticizes the liberal theorists stating also that, in addition to the differing economic variables being measured, the impact of interdependence on conflict depends on the type of good being traded. Like Zeev, McMillan argues that other types of interdependence influence conflict deterrence or promotion, such as military or diplomatic interdependence, and do not have the same impact as economic interdependence. All the variations of interdependence might all interact to at least extent and in order to understand the role of interdependence on conflict the best method to understand this is to look at these interactions. This raises the question of which facets or interactions within of interdependence cause conflict, which resolve it.⁸

2.1.4 Dependency

Dependency is a related concept to dependence and interdependence, although not entirely the same. Thomas Angotti, a dependency theorist, describes dependence within the context of Latin America. Due to economic differences, Latin American countries have had to rely on other countries with different economic systems more suitable to the current economic and international environment at present. Angotti defines dependency as a phenomenon where a dependent is contingent upon on a dominant country. The dominant country sees the dependent country as underdeveloped and itself as developed. The dominant country furthers this idea of underdevelopment by propagating an image of backwardness in the dependent country in order to suit their own needs, i.e. exploitation of labor and capital. The dominant country views this

⁸ McMillan, Susan M. "Interdependence and Conflict." *Mershon International Studies Review* 41, no. 1 (1997): 33, 34, 53, 54.

exploitation as necessary and “requires repression of independent nations in order to guarantee the export of capital.” Angotti believes that independence from foreign dominion is the cure for underdevelopments and that underdevelopment is caused by external forces (the dominant country). Dependency theory accentuates the rejection of backwardness, analyses the belief that developed countries make up the “core” and are surrounded by a less-advanced dependent periphery, and that capital and labor in the dependent countries does not equal to the value produced for the dominant country.⁹ Scholar Tony Smith does not deny the importance of foreign influence in weaker states; however, he views the economic effect on the development in these relatively weaker states from the stronger ones as exaggerated. He essentially dismisses dependency theory as an “attempt at Marxism” and things that local circumstances factor more into the development of the “dependent” countries than imperialist or capitalism forces from the dominant countries. Dependency is prevalent in Latin American countries that have to deal with the hegemon of the United States as their big neighbor to the north.¹⁰

Belarus and other post-Soviet states must deal with dependency in their own way with Russia acting as their hegemon in the region. Despite a relatively higher degree of dependence of post-Soviet states on Russia, Belarus included, interdependency used as a means to break away from dependence does not exist in the post-Soviet space as much as it would seem. The countries in this space today seek their own personal goals in foreign relations. Trade unions and the Single Economic Space made it possible to lower tariffs and encourage trade within the region;

⁹ Thomas Angotti, “The Political Implications of Dependency Theory,” *Latin American Perspectives* 8, no. 3 (1981): 125-135

¹⁰ Tony Smith, “The Logic of Dependency Theory Revisited,” *International Organization* 35, no. 4 (1981): 761

however, fear of Russian hegemony created a situation where other countries seek economic interdependence through other means other than working solely with Russia.¹¹

2.2 Transition Economies

Transition began in the early 1990s and is important for understanding President Lukashenko's regime in Belarus and its impact on the country's relations with the international community. The transition in Belarus, or lack thereof, shaped the politics and economy within the state and thus contributed to its relationship with the West. Classifying Belarus as a transition country is interesting because since Lukashenko has been in power, he stopped the transition. Yet, working with western institutions and the IMF in particular, Lukashenko does make promises to make market reforms.

Transition in this instance deals with former East Bloc countries moving from their formerly centrally planned economy to a market based economy. The economy of these countries experienced growth at first, but this style of economy was not suitable for innovation or an "efficient allocation of resources". From the 1960s until the end of the 1980s, the centrally planned economy of the former East Bloc as a whole declined, while market economies in western Europe grew. After the Soviet Union dissolved, most of the emergent countries went through a period of transition in the forms of either shock or gradual. However, some countries did not transition, with Belarus being one of those countries. Some countries, particularly those in Central Europe had incentives for transition, particularly the prospect of joining the EU. Within

¹¹ Alexander Libman, "Regionalization and Regionalism in the Post-Soviet Space: Current Status and Implications for Institutional Development," *Europe-Asia Studies* 59, no. 3 (2007): 401

the East Bloc, CIS countries performed the worst in transition. Belarus, by avoiding transition, avoided the formation of political coups, drastic increase in organized crime, rent-seeking, and corruption.¹² In order to move from a centrally planned economy to a market economy includes various aspects such as price liberalization and independent central banking.¹³

In the early 1990s, Belarus had a competitive regime until later it became more closed. Belarusian politics had everything stacked against it with having no history of democracy and some degree of international isolation. Belarus did enter a period of transition before deciding to reverse the transition that had already taken place and put a halt to any further attempts at transition, in favor of a primarily state-ran economy and a political system that outside observers have described as a dictatorship. There are a variety of reasons why Belarus decided to halt the transition and why it became more closed after these brief period of transition in the early 1990s. Closure means manipulation of elections to get desired results, weak opposition, and a weak parliament relative to presidential power. Lucan A. Way attributes the re-closure of the regime to the fact that the EU was not pushing for Belarus to join, Belarus did not have any pressing to keep up these reforms. Ties with the West have increased over the years, yet political competitiveness has decreased. Way also asserts that the weak opposition in the government ensured that President Lukashenko could preserve the power the state had over the economy and that skill in preserving the authoritarian regime in Belarus was understated by those promoting democratic transitions, in which President Lukashenko “had to learn how to use

¹² Svejnar, Jan. "Transition Economies: Performance and Challenges." *The Journal of Economic Perspectives* 16, no. 1 (2002): 3-4, 7, 10

¹³ Guriev, Sergei, and Zhuravskaya Ekaterina. "(Un)Happiness in Transition." *The Journal of Economic Perspectives* 23, no. 2 (2009): 143

existing resources to compete in semi-competitive environments, to keep allies in line, and to coerce op position without provoking international reaction". Additionally, it was not until later that Belarus has a better financial situation enabling for the authoritarian regime to solidify, unlike in the early 1990s when the economic situation of the FSU was essentially in shambles. Lukashenko avoided any privatization unlike other similar countries and avoided having a slew of oligarchs in the country undermining the regime. However, Belarus' reliance on Russia creates some weakness in Lukashenko's regime.¹⁴

The benefits of transition include an increase in GDP per capita and an increase in consumption. Economists Sergei Guriev and Ekaterina Zhuravskaya note that although there was an increase in income and consumption in transition countries, the majority of transition countries are not happy with the transition and report lower levels of life satisfaction than in the early 1990s. Belarus is one of the transition countries in which life satisfaction has increased, despite the low or non-existent transition in the country. This is notable when comparing the life satisfaction in Belarus compared to in countries who took measures to transition. The relatively higher levels of life satisfaction in Belarus leave little motivation for any drastic reform in the economy. The main criticisms of the transition by other transition countries are due to a decrease in the public goods, demand of different skills in the workforce, greater socioeconomic disparities, and higher expectations after beginning to see themselves on the same level as more advanced market economies.¹⁵

¹⁴ Way, Lucan A. "Authoritarian State Building and the Sources of Regime Competitiveness in the Fourth Wave: The Cases of Belarus, Moldova, Russia, and Ukraine." *World Politics* 57, no. 2 (2005): 231, 233, 237, 243, 245, 249, 255

¹⁵ Guriev, Sergei, and Zhuravskaya Ekaterina. "(Un)Happiness in Transition." *The Journal of Economic Perspectives* 23, no. 2 (2009): 143, 153, 157

Jan Svejnar defines the end of transition as when countries adopt a market economy that leads to rapid growth which allows the country to interact with advanced market economies (particularly in western Europe) without some form of protection. Based on his own definition and the surveys conducted by transition countries, as of the year 2002 most of these countries surveyed felt that they had not completed transition. Another reason that the transition countries of the FSU and former East Bloc do not feel they have finished their transition is because they want to be equal to more advanced countries (again, primarily western Europe). Svejnar believes that the transition in general has been unsatisfying and disappointing.¹⁶

Economist Janos Kornai defines the end of transition as when the communist party loses majority of power, the private sector accounts for the majority of GDP, and the market controls the economy.¹⁷ By this definition, Belarus has not completed transition. Later I will discuss the various steps and promises that Belarus has made to certain organizations that would suggest that Belarus has intentions of adopting market reforms; however, based on the fact that Belarus fails to follow through on these commitments shows that Belarus is still not ready to transition. In the following section I discuss the Belarusian economy and its relationship to the transition path the country took.

¹⁶ Svejnar, Jan. "Transition Economies: Performance and Challenges." *The Journal of Economic Perspectives* 16, no. 1 (2002): 23, 26

¹⁷ Kornai, Janos. 1999. "Reforming the Welfare State in Postsocialist Economies," in *When is Transition Over?* Annette Brown, ed. Kalamazoo, Mich.: W.E. Upjohn Institute for Employment Research, chapter 6.

2.2.1 Economy of Belarus

Belarus' transition was "distorted" due to wanting to preserve many elements of the BSSR by keeping intact many communist institutions. This happened during a time when the West understood all communist countries as being essentially the same (which was not true) and in need of either returning to Europe or at the very least returning to "normal". The ideology of the regime in Belarus, instead of attempting to return to the West and all the ideologies that go along with it, i.e. market economy and democracy, isolated itself from the West. The ideology stressed that Belarus was not an individualistic country and stressed that the West was the enemy. The dependence of Belarus on Russia politically, socially, and economically only made the isolation greater. Because of this ideology, there is little entrepreneurial activity in Belarus. Practical measures such as high-degree of overregulation and intervention in private businesses have made the business climate unappealing to enter. Private businesses are subject to immense regulation and must operate under strict conditions. One reason for these strict conditions is that business is seen as a threat to stability of the social order. The ideology of Belarus sees Western values, primarily individualism, as evil. Keeping businessmen under control keeps order and stability in the regime, since the regime emphasizes equality and collectiveness.¹⁸

Belarus experienced economic growth from 1995 to 1997 until facing an economic crisis in 1998. Before the crisis Belarus experienced price and exchange rate stability. The economic growth experienced in the mid-1990s came as a surprise to economists because they expected that the policies in place could not support economic growth or support stable standards of living. This

¹⁸ Miazhevich, Galina. "Official Media Discourse and the Self-Representation of Entrepreneurs in Belarus." *Europe-Asia Studies* 59, no. 8 (2007): 1331-1332, 1335, 1338

would be due to the circumstance that without a market economy, there would be bad indicators of supply and demand, and economists expected vast increase in inflation and depreciation of the exchange rate of the Belarusian ruble. One theory for why Belarus defied these expectations is that Belarus received special treatment from Russia in the form of financial support through subsidies and certain trade agreements. Despite all the support and assistance from Russia, Belarus still fell behind in its payments to Russia. After 1998, Belarus was no longer able to contain or compensate for the negative effects of its policies. The so-called “extreme dependence” on Russia led Belarus to increases in inflation, shortages, and poverty and a decrease in living standards. These effects can be attributed to a change in the relationship between Russia and Belarus. Belarus then turned to the IMF, hoping to receive assistance from them, but to no avail due to refusing to make the necessary policy changes laid out by the IMF. Russia also raised its expectations towards Belarus in order for Belarus to receive assistance from Russia. In 1998, the prediction was that Belarus could not sustain its economy and depends far too much on Russia, making Belarus vulnerable whenever Russia itself has an economic crisis.¹⁹

Belarusians fears privatization in Belarus when looking at the crony capitalism that occurred in Russia. Belarusians did not need to fear this type of privatization so strongly because the main sources of the crony capitalism in Russia were in the gas, oil, and metal industries, whereas the

¹⁹ Brukoff, Patricia. *The Belarusian Economy: Is It Sustainable?*. na, 2002. Balmaceda, Margarita Mercedes, James I. Clem, and Lisbeth L. Tarlow, eds. *Independent Belarus: Domestic Determinants, Regional Dynamics, and Implications for the West*. Harvard University Press, 2002. 109-110, 113, 115-120

only big commodity in Belarus was potassium used for fertilizers. Nonetheless, Lukashenko gained massive support by means of his strong anti-corruption stance.²⁰

3 Interdependence and Belarus

3.1 Lukashenko's Regime

Belarusians elected Alexander Lukashenko as their President in 1994. Lukashenko was vastly popular as an anti-elitist and with his strong stance against corruption. Lukashenko enjoys massive support from farmers and laborers working for the collective agriculture and state-run enterprises. There is a level of dependence from the Belarusian people on the state for a variety of reasons. Belarus received 70% of the fallout of the Chernobyl disaster. This has left many Belarusians in a predicament of depending on the state for aid due to all the health effects and the effect on the ability of people to work, since many farms and factories were shut down after being contaminated. Almost 30 years have passed since the Chernobyl disaster but this left an effect on the Belarusian people and their attitude towards the state. Additionally, Belarusian pensioners receive some of the highest benefits from the state in the world and do not want to give up this support from the government. The effect of this is that it would not be that simple for Belarusians to give up the benefits of Lukashenko's regime and these benefits contribute to keeping him in power. It must be noted as well that elections in Belarus are not considered free or fair.

²⁰ Ioffe, Grigory. "Understanding Belarus: Economy and Political Landscape." *Europe-Asia Studies* 56, no. 1 (2004): 89

In 1996, Lukashenko held a referendum which solidified his power as president and weakened the parliament. This enabled Lukashenko to be president indefinitely, and laid the framework for his relations with the international community in the following years and has shaped his relationships with Western countries over the past 20 years. Lukashenko finds himself caught between the West and Russia, receiving massive criticism from Western intuitions, while dealing with a high degree of dependence on Russia, something that keeps and has kept Belarusian in the Russian orbit ever since Lukashenko became president. Lukashenko's regime is markedly different than both the regime of the West (i.e. the European Union) and with Russia's regime. These differences lie mainly in the different path in transition that Belarus decided to take after the dissolution of the Soviet Union.

Grigory Ioffe and David R. Marples are two of the most prominent writers on Belarus and Belarusian foreign policy. Grigory Ioffe has written dozens of articles related to Belarus. One of his most prominent works is a three-part article written in 2004 entitled *Understanding Belarus*, devoted to politics and economy, national identity, and language. Later in 2007 Ioffe wrote extensively on Belarusian foreign policy in a book entitled *Understanding Belarus and How Western Foreign Policy Misses the Mark*. Ioffe devoted this work to try to give readers a better understanding of Belarus and demonstrate that the picture is not as clear as it might seem. He believes that Belarus has been drastically misunderstood by the West and in turn this is why the political scene does not have the opportunity to change. Belarusian politics according to Ioffe are bi-polar with one side being pro-Western and the other side feeling strongly devoted to Russia. Lukashenko shapes his foreign policy based on the dependence of Belarus on Russia. Ioffe describes that this dependence on Russia and its interplay with Belarus' foreign policy with Russia

stems from a history of dependence even within the domestic sphere, claiming that the Chernobyl disaster and the long Soviet past created a culture of dependency among Belarusian people and this permeated into the state-policies as well. The dependency culture exists in Belarus according to Ioffe for a variety of reasons including the dependency of Belarusians on state aid after the Chernobyl disaster, the history of peasant communalism, and Soviet communism. Ioffe attributes the development of the dependency culture in Belarus over the past two decades primarily due to the Chernobyl disaster, as so many Belarusians were affected by the disaster and adopted a victim mentality as well as fear. Grigory Ioffe's main conclusions regarding Belarusian foreign policy are that Belarus must deal with the dependence it has with Russia and would like to do so by somehow decreasing that dependence by working with the West; however, the West does not understand Belarus or Lukashenko and this makes it impossible for Belarus to break out of the Russia orbit.²¹

Marples states that Lukashenko did not consolidate a dictatorship with the 1995 amendments and additionally that the opposition in the country was never eliminated. And in spite of Lukashenko's emphasis on the historical and psychological ties that Belarus has with Russia, in recent years Belarus has received some degree of isolation from Russia, as well as from Ukraine. Marples sees Belarus has having the potential to exist between NATO and CIS, between Europe and not-Europe. Lukashenko does not represent the wants of the Belarusian people but instead uses the "politics of fear" in order to maintain support and keep his regime intact. This is in contrast to the "politics of suffering" that Ukraine used, for example, in order to protect their

²¹ Ioffe, Grigoriĭ Viktorovich. *Understanding Belarus and how Western foreign policy misses the mark*. Rowman & Littlefield, 2008.

nationhood. Ioffe stated that Belarus was not really a nation at all and the national myths were not embraced. Belarusians did not embrace the politics of suffering so this did not alienate Belarus from Russia or “divorce it from the Soviet state”. Marples disagrees with this and instead thinks that nationalism did not fail in Belarus. However, the fear-politics used by Lukashenko keeps his regime going, with Lukashenko’s goals being to prevent any “colored-revolutions” in Belarus and to keep the Belarus economy as strong as possible and prevent a chaotic downturn in the living standards of the people. Yet, Marples acknowledges that Belarus currently has no real prospect of joining European structures, at least not anytime in the near future, despite many Belarusians he claims having the hope of one-day rejoining Europe. Lukashenko keeps Belarus in the Russian orbit and keeps close ties with Belarus’ Soviet past.²²

David R. Marples and Grigory Ioffe both researched Belarus extensively and represent two variations in interpreting Belarus. Ioffe presents Belarus as being misunderstood by the West and unduly represented poorly by the international community. His goals in writing about Belarus are to describe Belarus in a way that creates a better understanding of the country and reveals that picture painted of Belarus by the West and sometimes Russia does not always accurately depict the situation in Belarus. Marples, on the other hand, does not hold such an optimistic view of Belarus and thinks that things sometimes or often are just as bad as they seem in Belarus. It should be noted that Ioffe does not think that everything is positive and going well in Belarus and Marples does not view everything as being solely negative. Ioffe just believes that there is more to the story and that things are not as abysmal in Belarus as the international media often

²² Marples, David R. "Europe's Last Dictatorship: The Roots and Perspectives of Authoritarianism in 'White Russia'" *Europe-Asia Studies* 57, no. 6 (2005): 896-897, 901, 903-906

portrays. Marples and Ioffe both cite each other in their research claiming the other is overstating or flat-out wrong.²³²⁴

In 1995 Gennady Nesvetailov wrote about the prospects of Belarus in the science and technology sector. He analyzed this through the lens of center-periphery relationships within CIS, with Belarus being a periphery country and Russia or the EU being the center. His research relates to this topic because it helps to define the periphery role of Belarus in relation to Russia in particular and outlines the role Belarus experienced in the 1990s, some of which holds true for today. According to the center-periphery theory, the periphery is weak and the center is strong; however, there is always a level of interdependence between the two with political and economic dependence, although they are not tightly linked. In this type of relationship, the economic dependence is often dominant and political independence changes the situation very little in the periphery state. Belarus fits into the category of a periphery state because it is a small territory with restricted human and material resources and has a low internal market capacity. During the period of transition in the early 1990s, Belarusian leaders made little to no decisions regarding the transition and this resulted in essentially no transition in Belarus. This left Belarus with an unfavorable investment climate and behind in all forms of foreign financial credit or investments than most other transition countries at the time. Nesvetailov stated that the situation in Belarus depends on how it decides to orientate itself with the outside world, i.e. it could orientate itself with Russia/CIS, with the European Union, or orientate itself as neutral. In the 1994 constitution, the official policy of Belarus became neutrality. Despite this *de jure* neutrality, Belarus still

²³ Ibid., 896-897, 901, 903-906

²⁴ Ioffe, Grigory. "Understanding Belarus: Economy and Political Landscape." *Europe-Asia Studies* 56, no. 1 (2004): 89, 112-113

remained de facto dependent on Russia. This is in light of the fact that Russian provides a common market base for all FSU countries. Belarus specifically needs Russia as a source of resources and for sales. What Russia gains is, according to Nesvetailov, a “window to Europe” and Belarus supplies high technological products to Russia. Nesvetailov concludes with recommendations for science and technology production in Belarus but provides an explanation of the center-periphery relationship of Belarus and Russia and the interdependence between the two countries.²⁵

According to Stewart Parker the two guiding principles dominating Belarusian foreign policy are close ties of Belarus with Russia and Belarus versus the United States. He states that the differences between Belarus and the United States have more to do with economic differences than with concerns over human rights. The close ties with Russia are related to the level of dependency that Belarus has with Russia since Russia is a huge trading partner with Belarus. However, Parker notes that Belarus is not entirely dependent on Russia and has been finding new trading partners. Additionally, Lukashenko promotes Belarus interests abroad in reduce Belarusian reliance on Russia without distancing Belarus from Russia. Parker explains how Lukashenko is able to maintain its independence: *“Lukashenko has been able to successfully pursue an independent policy both at home and abroad, despite massive international meddling, interference and even direct attempts to subvert the electoral process”*. Lukashenko refuses to sign documents out of fear of losing Belarusian sovereignty.²⁶

²⁵ Nesvetailov, Gennady. "Changing Centre-Periphery Relations in the Former Soviet Republics: The Case of Belarus." *Social Studies of Science* 25, no. 4 (1995): 855, 857, 859-861

²⁶ Parker, Stewart. *The Last Soviet Republic: Alexander Lukashenko's Belarus*. Trafford Publishing, 2007. 77, 81, 83, 121-122

Scholars published the book *The Multi-Lateral Dimension in Russian Foreign Policy* in 2007. Although this book deals primarily with Russian foreign policy, it gives special attention to Belarus and its role within CIS. They state that Belarus is very active within CIS and trade turnover, despite increasing with other regions such as the European Union and Asia, the turnover has not really increased and is still primarily with CIS and with Russia in particular. In spite of this strong trade relationship with Russia and the common economic space each country pursued in the 1990s, this Union State has not been successful since Russia based the Union State on economic principles and Belarus based the union on political principles. In accordance with what Nesvetailov stated earlier that economic principles are more dominant than political and Lukashenko was not interested in solidifying that type of dependence with Russia. Since 2007, Russia has focused more on its own self-interests instead of working in a way to sway Belarus from aligning with the west.²⁷

Nalalia Leshchenko in 2008 wrote about the national ideology base of Lukashenko's regime. She states that the national ideology in Belarus is founded mainly on the idea of collectivism and putting the state above all else. This influences the foreign policy of Belarus since Belarusians start to disregard foreign organizations and countries as being responsible for social and economic problems within the country. Lukashenko's foreign policies are not able to function in an effective way due to the collectivism praised by the national ideology. Leshchenko like Ioffe discusses the "climate of fear" in Belarus, brought about not by the Chernobyl disaster as Ioffe

²⁷ Rowe, Elana Wilson, and Stina Torjesen, eds. *The multilateral dimension in Russian foreign policy*. Routledge, 2008. 113-114, 168-169, 173

describes, but due to the political prisoners in Belarus and the security forces present in the country.²⁸

Andrew Wilson discusses extensively Lukashenko's regime and how he rose to power and solidified his regime. In relating to the West, Lukashenko only received such strong isolation since 1997 when he extended his first term as president and had a referendum that gave the president more power and weakened the parliament. Lukashenko began his second term in 2001 and that is when his authoritarian regime solidified and opponents realized they were too weak to take on Lukashenko. 2001 is also the year that Russia started to put economic pressure on Belarus and to economize the Union State, partially due to Putin being less interested in the progression of the Union State than Yeltsin had been in the 1990s. The 2000s marked a period of gas wars between Russia and Belarus, where Russia wanted to raise the extraordinarily low prices that Belarus was paying for energy. Paying more was not something that Lukashenko wanted to do and avoided doing so as long as possible until the prices were eventually raised, although not very much and Belarus still did not have to pay anywhere near market prices for its energy supply from Russia. Wilson believes that Putin underestimated Lukashenko's power and that Belarus has a certain amount of power in the fact that it transports gas and oil for Russia to Europe. In light of these issues with gas and oil, in 2006 Lukashenko began to diversify in his partners in order to not rely solely on Russia. Wilson states that Lukashenko tries to play the game of getting as much as possible financially from both the Russia and the West. Belarus remains dependent

²⁸ Leshchenko, Natalia. "The National Ideology and the Basis of the Lukashenka Regime in Belarus." *Europe-Asia Studies* 60, no. 8 (2008): 1429-1430

on Russia for energy sources but Russia is also dependent on Belarus as a transit country for its energy supply to Europe.²⁹

3.2 Memberships and Cooperation

Belarus is a member of a variety of international organizations with the majority of them being with other Former Soviet Union (FSU) countries, predominantly with Russia, but also some memberships that exclude Russia. Belarus is a member of the Commonwealth of Independent States (CIS), the Eurasian Economic Union (EAEU), the Union State with Russia, and the Collective Security Organization (CSTO). Belarus is also a member of the Customs Union (CU), which was established in 2010, with the other member states of Russia and Kazakhstan. The goal of these institutions is essentially to increase the standard of living within the member-states by means of “free movement of goods, services, capital, and labor”.³⁰ The most successful of these organizations for Belarus has been the CIS and the Union State, based on the free trade agreements and the high level of trade between Belarus and these member-states. The Union State has benefited the Belarusian economy in a variety of ways, especially regarding the transit of gas and oil.

The primary goal of these organizations is economic and to encourage trade within the FSU space. The secondary goal by means of the economic goal is to encourage a political alliance in order to obtain leverage against other world powers, which may be at odds with the political goals of many countries of the FSU. Politics in Belarus goes between two extremes, pro-West or pro-

²⁹ Wilson, Andrew. *Belarus: the last European dictatorship*. Yale University Press, 2011. 194-195, 201, 209, 258.

³⁰ Eurasian Economic Union. (2016). <http://www.eaeunion.org/?lang=en#about>. (Date accessed: Aug 11, 2016).

Russia. The majority of support in Belarus goes to Russia. There is not as much support for the West as the West only funds NGOs and the opposition of Lukashenko. Many of those who take a pro-Russian stance in fact value Belarusian sovereignty over cooperation with Russia but they reality that they can only count on Russia for support. Ioffe goes as far to say that the destiny of Belarus to be with Russia is “more assured than ever”.³¹

3.2.1 Commonwealth of Independent States

The Commonwealth of Independent States (CIS) was established in 1991 in the midst of the dissolution of the Soviet Union. The founding members of the CIS were Belarus, Russia, and Ukraine, and signed the agreement establishing the organization in Viskuli, Belarus. Today the CIS includes member-states from 12 of the former Soviet republics with the headquarters for the CIS being located in Minsk, Belarus. The CIS emerged as an entity meant to resemble the Soviet Union and in some way attempts to mimic to the EU, being a collective with member-states working together for common economic and security goals. The initial goal in creating the CIS was to avoid further disintegration and alienation of the FSU countries while they were all becoming independent. The CIS did not act as a successor to the USSR. In some ways the CIS could be seen as a failure in that only some members benefit more than others and others hardly benefit at all from being a member, there is no common sense of community, and has been described as merely an ununiformed collection of countries.³² Despite these drawbacks and seemingly failures, the CIS has become a key institution in promoting independence. Relating

³¹ Ioffe, Grigory. "Understanding Belarus: Economy and Political Landscape." *Europe-Asia Studies* 56, no. 1 (2004): 112-113

³² Sakwa, Richard, and Webber Mark. "The Commonwealth of Independent States, 1991-1998: Stagnation and Survival." *Europe-Asia Studies* 51, no. 3 (1999): 379-381.

back the definition of interdependence of “mutual benefits” meaning not always adding something good, but preventing something unfavorable circumstances from happening.³³

Belarus is one of the countries which receives benefits from being a member of the CIS because Belarus benefits from trade with CIS member states, primarily Ukraine and Russia. “The development of bilateral cooperation with the CIS member states is one of the priorities of the foreign policy and foreign economic relations of the Republic of Belarus. These priorities are based on a number of historical, economic, political and cultural factors”, states the official foreign policy page of Belarus. The headquarters for CIS is in Minsk. Belarus is a member of many organizations that include CIS member states such as the Customs Union, EurAsEc, the Union State, and the Single Economic Space. Through these organizations Belarus enjoys a wide array of economic benefits, so despite its multi-vector approach to foreign policy, trade remains very high within this region. Belarus still remains very active within the CIS with trade. Since 1995, over half of the trade turnover in Belarus has been with CIS. Between Belarus and Russia, trade turnover has decreased about 12% between 2000 and 2005; however, imports remain high from Russia, whereas Belarusian exports to Russia are rapidly declining. Belarus is exceptional in this case among other CIS members.³⁴³⁵

³³ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence*, (USA: Library of Congress Cataloging-in-Publication Data, 1989), 8-10

³⁴ Ministry of Foreign Affairs of the Republic of Belarus. “Belarus and CIS countries and Georgia”. (2016). <http://mfa.gov.by/en/courtiers/cis/>. (Date accessed: Aug 11, 2016).

³⁵ Elana Wilson Rowe and Stina Torjesen, eds, *The Multilateral Dimension in Russian Foreign policy*, (Routledge, 2008): 168-169

3.2.2 Belarus and Russia

Russia continues to be Belarus' biggest partner in the world. Belarus trades extensively with Russia and relies on the Russian market for many exports of Belarusian goods. Belarus relies heavily on Russia for energy resources and Russia uses Belarus as a transit state to transport energy sources to European markets. Belarus has a special relationship with Russia as well in that the two countries are de jure a part of a Union State together, but de facto this Union State is not fully realized. Progression with the Union State with Russia has all but stagnated since the early 2000s. Military cooperation between Russia and Belarus remains high and arguably the only successful component of the Union State. There has not been success within the economic or political spheres and the Union is mostly for show and essentially a failure, similar to CIS. The favorable outcome of the military sphere happened in spite of the emphasis on the economy or political spheres. This is because of differences in the Russian and Belarusian relationship, where Russia has its own economic interests and a joint economic space between Russia and Belarus would be costly for Russia. The halt in progression of the Union State stems from "competing domestic and foreign policies" of Belarus and Russia.³⁶

Bilateral relations with Russia are stronger than the bilateral relations of Belarus with any other country. Belarus is not only connected to Russia economically, but also Belarus and Russia are vastly interconnected through military cooperation, free borders between the two countries, and they share the same language. Arguably the source of Belarusian economic success in the 1990s can be attributed to the preferential gas and oil prices granted to Belarus from Russia. Lukashenka counts on Russian subsidies, either direct or indirect, and uses his transit location as

³⁶ Deyermund, Ruth. "The state of the union: military success, economic and political failure in the Russia–Belarus union." *Europe-Asia Studies* 56, no. 8 (2004): 1191-1192

a bargaining chip. Belarus is crucially dependent on imports of energy from one source—Russia, and Belarus has a higher rate of energy usage than other former republics such as Ukraine. Belarus relies on Russia for industrial exports, is almost 100% dependent on Russia for gas, and is about 90% dependent on Russia for oil imports. Export is one example of Belarus' relationship with Russia and the vast percentage of products that are exported to Russia. Export is a big component of the Belarusian economy. In 2005, exports in Belarus accounted for 54% of its GDP. Belarus is active within the Commonwealth of Independent States (CIS) in general, but is particularly active in its participation with Russia. Within the CIS, Russia receives 80.6% of the exports from Belarus. Not only does Belarus export the majority of its products to Russia, most of Belarus' imports come from Russia accounting for 90.8% of its imports coming from Russia. After receiving many raw materials and semi-finished products from Russia, Belarus then exports finished value-added products to Russia. Belarus exports to Russia because Belarusian products are not as competitive in the West as they are in Russia so in this sense there is no reason for Belarus to reorient its trade relations and additionally no want by the West either.³⁷ By means of the capital acquired through exporting to Russia, this allows the necessary capital for Belarusians to participate in Western markets. This is significant for Belarus has it allows for less dependence on Russia. Advantageous for Russia, Belarus also acts as a significant transit country for oil and gas from Russia transported to the European Union where 50% of oil products and 20% of gas exported from Russia to the European Union goes through Belarus. Belarus is a key producer of fuel for Europe and is a large producer of machinery and radio electronics. Belarusian industries

³⁷ Grigory Ioffe, *Understanding Belarus and How Western Foreign Policy Misses the Mark* (USA, 2008), 110-111. 156-159

are all deeply integrated with Russia as Belarus depends on some raw materials and on parts/semi-finished products imported from Russia. Some industries are also highly attached to some major Russian consumers. Belarus received many special benefits from Russia, especially regarding gas and oil. Belarus is still dependent on Russia for cheap oil and gas prices, which amount to savings contributing to 41% of the Belarusian budget; however, the prices are much higher now than they were in prior to 2006/2007. The change in the relationship between Belarus and Russia is apparent in the 2006/2007 oil crisis between the two countries. In 2006 there was an investment boom in Belarus, of which only 3% was foreign investment. This investment boom was conditional on the direct and indirect subsidies from Russia, ranging anywhere from \$3 billion up to \$10 billion. At the end of 2006, Russia decided to cut back on subsidies, in part because Russia realized that Belarus was exchanging empty promises for financial aid.³⁸

Lukashenko receives added benefits from its relationship with Russia. What does Russia receive from Belarus in return to make this an interdependent relationship? Belarus is a transit route for Russian oil and gas from Russia to European Union countries. Russia also uses Belarus as a location for military bases and Belarus acts as a buffer zone for Russia against Europe. Belarus exports the majority of its products to Russia so this provides Russia with quality goods. Another important aspect is that Belarus acts as an ally towards Russia, something that Russia wants and needs especially with NATO expansion and potential EU expansion. Russian dominance decreased after the collapse of the Soviet Union but Russia has still maintained some degree of dominance in the FSU and always counts on Belarusian support. Russia does not depend on

³⁸ Grigory Ioffe, *Understanding Belarus and How Western Foreign Policy Misses the Mark* (USA, 2008), 173, 93 119. 128 161-162

Belarus economically extensively but relies on Belarus to some extent for political support. An example of this motive for not wanting to create anymore tension with Belarus is that President Putin before the 2004 presidential election eased off on pressure on Belarus to pay back debts in order not to jeopardize his political base.³⁹ Russia also relies on the land in Belarus for military bases and to transit gas and oil to European markets.

Union State Past and Present

Progression towards the Union State stalled almost immediately after former president of Russia Boris Yeltsin left office. From 1994 until 1999 Lukashenko and Yeltsin signed a series of treaties creating a Union State between the two states. The Union State is mostly just a title since many of the measures planned in the 1990s to join the two states together have all but failed or never became realized. For example, the Union State Treaty signed in 1999 stipulated that Russia and Belarus would have a joint monetary system by 2005. This never happened because this would mean that Belarus would adopt the Russian ruble, and Lukashenko did not want to do this out of fear that Belarus would become poorer, potentially not have enough representation in Moscow, and he feared that it would be the first step in weakening his power and threatening his presidency.⁴⁰ Yeltsin and Lukashenko signed five treaties in the 1990s but so far Lukashenko and Putin have signed zero.

³⁹ Danilovich, Alex. Russian-Belarusian integration: playing games behind the Kremlin walls. Ashgate Publishing, Ltd., 2006. 154

⁴⁰ Danilovich, Alex. Russian-Belarusian integration: playing games behind the Kremlin walls. Ashgate Publishing, Ltd., 2006. 157, 160

While Russia remained Belarus' main trading partner, between 2004 and 2005 Belarus went from being Russia's second highest trading partner to the sixth. To decrease the high dependence that Belarus has on Russia for oil and gas, Belarus is seeking alternate sources of energy and is considering building a nuclear power plant.⁴¹ Russia does not have to pay for the transit of gas and oil through Belarus which acts as a significant Belarus for Russia. Belarus does not do this for Russia without receiving something in return, i.e. Belarus benefits from the consumption of the cheap oil and gas. Additionally, Belarus resells the gas transported through the country and this props up the national budget of Belarus. Belarus has political power too in that Russia would not want to risk another country joining NATO, and the West wants to have as many allies against Russia as possible. Belarus hosts Russian military bases on their soil.⁴² In addition to economic dependence, Belarus is militarily dependent on Russia as well. Belarus land has Russian airfields and missile bases as well as two facilities that are allowed to be present in Belarus until 2020—one is a radar installation and the other a naval communication unit.⁴³

Throughout the 1990s, Russians favored Lukashenko's regime in Belarus opposed to the opposition or any democratic leader because Lukashenko often favored Russian interests and even the most radical Russian politicians. The majority of Russians favor integration with Belarus, although many view integration as an annexation of Belarus. Russian politicians realize this and

⁴¹ Ibid., 158

⁴² Ioffe, Grigory. "Understanding Belarus: Economy and Political Landscape." *Europe-Asia Studies* 56, no. 1 (2004): 90

⁴³ Balmaceda, Margarita Mercedes, James I. Clem, and Lisbeth L. Tarlow, eds. *Independent Belarus: Domestic Determinants, Regional Dynamics, and Implications for the West*. Harvard University Press, 2002. 222-223

even opposition groups like Yabloko support Russian-Belarusian integration, as long as Belarus would undergo democratic reforms.⁴⁴

Relations between Belarus and Russia shifted when Putin became president of Russia in 2000 mostly because Putin is a different style of leader than Yeltsin was and Putin did not have certain obligations or standards to live up to like Yeltsin did, being the man who inherited Russia after the dissolution of the Soviet Union. Putin's style of leadership is much more pragmatic and consistent than Yeltsin's was and this left less of a chance for Lukashenko to have sway with the Russian leader. Putin acts more in a way that both Belarus and Russia can achieve common goals independently instead of together in the Union State.⁴⁵

Lukashenko's biggest fear regarding the Union State is losing his own power because the union could threaten Belarusian sovereignty and if so, would threaten his authoritarian rule. Lukashenko does not want Russian oligarchs to infiltrate Belarusian enterprises because this would undermine his power and threaten sovereignty. Russian oligarchs pose a bigger threat than even the opposition for Lukashenko because, at least for now, sovereignty equates his power.⁴⁶ Russia has its own reasons for not wanting to integrate with Belarus. First of all, it would be very expensive. And second of all, it would be difficult to integrate Belarus with equal status without upsetting other federal subjects of Russia. The issue becomes then an issue of integration versus incorporation, and Lukashenko would not allow for incorporation unless he could become

⁴⁴ Ibid., 228-229

⁴⁵ Ibid., 220-221

⁴⁶ Balmaceda, Margarita Mercedes, James I. Clem, and Lisbeth L. Tarlow, eds. *Independent Belarus: Domestic Determinants, Regional Dynamics, and Implications for the West*. Harvard University Press, 2002. 254-255

the president of Russia himself, which became incredibly unlikely once Putin became president of Russia.⁴⁷

“Genuine unification” between Belarus and Russia is not likely because the two countries are very different in size and in their political structure. The two presidents—Lukashenko and Putin—clash and their regimes do not integrate well, unlike in the European Union. The entire premise of the Union State has been described as “the exploitation of the natural attraction of two closely related peoples to each other”. Meaning that neither Belarus nor Russia sincerely want to have an equal partnership, and an equal partnership is not really possible considering even the most basic difference that Russia is a huge federation and Belarus is a small republic.⁴⁸

Lukashenko must realize that many Russians are under the impression that the Union State would act more like an annexation of Belarus than as an equal partnership because he has been reluctant to make any concrete measures to further along the Union State ever since Yeltsin left office. Throughout the 2000s even though nothing concrete occurred regarding the Union State, it was still apart of political rhetoric and important for the Belarusian and Russian leaders not to be in strong disagreement or engage in any conflict too forcefully. The main achievement of keeping the Union State in political rhetoric is keeping Belarus in Russia’s sphere of influence.⁴⁹

⁴⁷ Ibid., 294

⁴⁸ Danilovich, Alex. *Russian-Belarusian integration: playing games behind the Kremlin walls*. Ashgate Publishing, Ltd., 2006. 168

⁴⁹ Balmaceda, Margarita Mercedes, James I. Clem, and Lisbeth L. Tarlow, eds. *Independent Belarus: Domestic Determinants, Regional Dynamics, and Implications for the West*. Harvard University Press, 2002. 254-255

3.2.3 Belarus and the West

The European Union

After the dissolution of the Soviet Union some Soviet Bloc countries went on the path to become a part of the European Union and have so far all become a part of the EU, including the FSU Baltic countries, Latvia, Lithuania, and Estonia. Belarus did not follow this path and did not “return to Europe” despite the first wave of nationalism in the early years of the republic from 1991 to 1994. Western countries supported Belarusian independence but never put into place a path for Belarus to join the EU and Belarus did not want to either. Belarus was alienated from Russia in the early 1990s but then realigned with the Russian federation and remained close throughout the rest of the 1990s. The rest of the story of the relationship between the EU and Belarus is that the two had conflict from 1996 onwards due to differences in ideologies concerning the political and economic regimes present under Lukashenko’s presidency. The conflict between the EU and Belarus extends to other conflict of interests between Belarus and Western financial institutions. Additionally, the United States has been extremely vocal in recent decades against Lukashenko and regarding issues of democracy the EU and the United States often have similar agendas.⁵⁰

Belarus and the IMF

Belarus became a member of the International Monetary Fund (IMF) in 1992. The IMF gives out loans on the basis that the country receiving loans will take necessary steps to transform the economy (if

⁵⁰ Klinke, Ian. "The European Union's Strategic Non-Engagement in Belarus Challenging the Hegemonic Notion of the EU as a Toothless Value Diffuser." *Perspectives*, no. 27 (2006): 25-26

necessary) in order to ensure that the loans will be paid back to the IMF. After receiving these loans, Belarus on two different occasions, once in 2001 and again in 2008, wrote letters of intent outlining the reforms the Belarusian government had agreed upon in compliance with the goals of the IMF and the necessary steps to transform the Belarusian economy and ensure that Belarus would pay back the loans. These letters of intent, were only that, *intentions*. After each letter to the IMF, Belarus did not change its economic structure or comply with the obligations set by the IMF and by themselves. Belarus declared that they would restructure their economy but never did. Belarus was willing to receive loans however not as willing to make any adjustments to their economy in order to comply with the IMF.

Belarus has received various loans from the IMF. The IMF states that Belarus received assistance twice in 1993 and once again in 1995. Belarus did not receive any more credit from the IMF until 2009, following the economic crisis in 2008.⁵¹ Belarus is not allowed to use the money for the public sector but instead to support privatization.

On April 13, 2001, Vladimir Yermoshin the Prime Minister of Belarus at the time and Piotr Prokopovich, Governor of the National Bank of Belarus, wrote their Letter of Intent for the IMF. In the first paragraph, they outline the main economic goals of Belarus, the main one of which to increase the macroeconomic stability of the Belarusian economy and in effect the standard of living of the Belarusian people by means of the joint economic space of Belarus and Russia. They wrote this Letter of Intent in order to demonstrate to the IMF that Belarus had every intention

⁵¹ Ministry of Foreign Affairs of the Republic of Belarus. "International Monetary Fund". (2016). <http://mfa.gov.by/en/organizations/membership/list/c99abc8ab281bdea.html>. (Date accessed: Aug 11, 2016).

to take concrete steps to meet the criteria set by the IMF in order to receive money from them. Attached with the Letter of Intent was a Memorandum of Economic and Financial Policies which outlined the specific steps that the Republic of Belarus would take in order to meet the standards set by the IMF. Prokopovich and Yermoshin stated that President Lukashenko supported the plan and that they would work interactively with the standards as opposed to blindly following the guidelines set by IMF. Some of the steps deemed necessary dealt with privatization and liberalization of the market.⁵²

The tone changed in the 2008 letter of intent and economic memorandum, in light of the world economy crashing in 2008. Belarus outlined that it expected a downturn in the Belarusian economy and had the main goal to minimize external factors affecting the economy. Belarus emphasized that the economy would be “socially-based” and increase the welfare of Belarusians, while developing a market-based economy.⁵³

According to the IMF in 2015, the Belarusian government still enacts great control over the economy and this makes the Belarusian government vulnerable to external influences.⁵⁴ The IMF requires that Belarus commit to “deep structural reforms” and “consistent macroeconomic

⁵² Republic of Belarus. “Letter of Intent and Memorandum of Economic and Financial Policies of the government of the Republic of Belarus”. (April 13, 2001). <https://www.imf.org/external/np/loi/2001/blr/01/index.htm>. (Date accessed: Aug 11, 2016).

⁵³ Republic of Belarus. “Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding”. (December 31, 2008). <https://www.imf.org/external/np/loi/2008/blr/123108.pdf>. (Date accessed: Aug 11, 2016).

⁵⁴ Republic of Belarus. “2015 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for the Republic of Belarus”. (May 29, 2015). <https://www.imf.org/external/pubs/cat/longres.aspx?sk=42960.0>. (Date accessed: Aug 11, 2016).

policies”.⁵⁵and What is at stake is over 2 billion USD that Belarus wants in order to boost its economy. The issue lies in that Belarus shows little signs of changing its entire structure of its economy since the measures Belarus promised to take never occurred. In the last few years there has been speculation that Belarus is moving away from Russia and is becoming more likely to work with the IMF, while also claiming that a decent amount of the lent money would then go to Russia from Belarus in order to pay off some debts.⁵⁶

Belarus and the World Bank

According to the World Bank, Belarus has an upper-middle income economy. In the 1990s, the GDP of Belarus remained relatively stable until 2001 when the GDP grew exponentially until 2008, but rebounded almost immediately in 2009. The GDP growth in Belarus was higher than in Europe, Central Asia, and all other CIS countries. According to the World Bank, Belarus has an upper-middle income economy.⁵⁷ Despite all of the economic growth in Belarus and a 3-fold reduction in the poverty level, the World Bank maintains that the Belarusian economy remains macro-economically unstable. The World Bank states that the state-controlled economy does not allow for private small- or medium-sized businesses to grow, and that Belarus relies heavily on external debts. Belarusian debt to Russia increased and became very imbalanced in 2006 after

⁵⁵ International Monetary Fund. “Press Release: IMF Executive Board Concludes 2015 Article IV Consultation with the Republic of Belarus”. (May 18, 2015). <https://www.imf.org/external/np/sec/pr/2015/pr15227.htm>. (Date accessed: Aug 11, 2016).

⁵⁶ Kudrytski, Aliaksandr. “Belarus Seeks \$3b IMF Loan as Lukashenko Tilts Away From Russia”. (12/1/2014). Bloomberg. <http://www.bloomberg.com/news/articles/2015-12-01/belarus-seeks-3b-imf-loan-as-lukashenko-tilts-away-from-russia>. (Date accessed: Aug 11, 2016).

⁵⁷ World Bank. “Belarus”. (2016). <http://data.worldbank.org/country/belarus>. (Date accessed: Aug 11, 2016).

Russia increased oil and gas prices to Belarus, approaching market levels.⁵⁸ The World Bank gave Belarus over 1.3 billion USD and Belarus currently still owes over 660 million USD back to the IBRD.⁵⁹ Belarus is still in line to receive 576 million USD.⁶⁰ The money received from the IBRD goes to various projects that improve infrastructure and promote modernization projects. The World Bank views Belarus as successfully interacting with them in the past and want to continue the relationship with Belarus. Since 2013, the World Bank has given its assistance to key areas of competitiveness and improved public infrastructure. To increase competitiveness, Belarus needs to reduce its state-controlled sector and increase activity in the private sector.⁶¹ However, the prospect of Belarus increasing its competitiveness and joining the global economy must not be very high since the World Bank does not expect results in this area.⁶² Belarus uses the money received from the World Bank to improve the infrastructure within the country and puts the money for purposes that improve the state. There does not appear to be a commitment to changing the state-controlled nature of the economy. There is little incentive for Belarus to do this when they continue to receive money from the World Bank without making any real measures to transform the economy into a competitive economy. This raises the questions of why the World Bank continues to give money to Belarus when Belarus does not make the changes necessary and how Lukashenko has gotten away with this for so long. Belarus could make the

⁵⁸ World Bank. "Belarus". (2016). <http://www.worldbank.org/en/country/belarus/overview>. (Date accessed: Aug 11, 2016).

⁵⁹ World Bank. "Belarus". (2016). <http://www.worldbank.org/en/country/belarus/projects#2>. (Date accessed: Aug 11, 2016).

⁶⁰ World Bank. "Country Summary: Belarus". (2016). <https://finances.worldbank.org/en/countries/Belarus>. (Date accessed: Aug 11, 2016).

⁶¹ World Bank. "Belarus". (2016). <http://www.worldbank.org/en/country/belarus/overview#2>. (Date accessed: Aug 11, 2016).

⁶² World Bank. "Belarus". (2016). <http://www.worldbank.org/en/country/belarus/overview#3>. (Date accessed: Aug 11, 2016).

desired reforms of the World Bank and in turn could potentially extract more benefits and perhaps receive more money.

Western sanctions

Diplomatic relations began between the West (the European Union and the United States) in 1991. The relations deteriorated in 1997 after a referendum pushed by Lukashenko that the West deemed unfair and not free. Since then the United States and the EU now conduct relations with Belarus under “selective engagement” meaning that not all ties are severed with Belarus but some restrictions and sanctions have been put into place. The EU describes its relations with Belarus as “critical engagement” and put into place many sanctions in order to get President Lukashenko to either resign or drastically alter his regime. The sanctions have in general been against Lukashenko himself and other high-level officials, banning the officials from travel.⁶³

Lukashenko responded to these sanctions by then putting sanctions into place on certain countries and people and closed many embassies in Belarus in order to send the message that he will not comply with the demands of the EU and if they do not like his policies, he simply will not deal with them. Since 1997, the EU has extended its sanctions on Belarus every single year, until 2016 when they decided to ease up on the sanctions and remove some of the officials that were previously black-listed.⁶⁴

⁶³ Gov.uk. “Embargoes and sanctions on Belarus”. (Aug 10, 2012). <https://www.gov.uk/guidance/arms-embargo-on-belarus>. (Date accessed: Aug 11, 2016).

⁶⁴ European Council Council of the European Union. “Belarus sanctions: EU delists 170 people, 3 companies; prolongs arms embargo”. (Feb 26, 2016). <http://www.consilium.europa.eu/en/press/press-releases/2016/02/25-belarus-sanctions/>. (Date accessed: Aug 11, 2016).

The most recent development in the sanction-war between Belarus and the West is that the West has eased up on its sanctions on Belarus. One possible reason for this is because the EU and other western entities realize that Lukashenko is not going to leave the position of president anytime soon and does not want to reform his regime. The actions of the EU suggest they are willing to cooperate with Lukashenko to an extent as long as he appears to be moving, even slightly, away from Russia's sphere of influence. Another possible reason is that the West realizes that trying to instill democracy in all the corners of the world does not always yield positive results and that there are far worse leaders or dictators than Lukashenko. The official reason why the EU decided to lift some sanctions off of Belarus is because in 2015 Lukashenko decided to release political prisoners whom the EU wanted to be released.⁶⁵ This demonstrates that Lukashenko in recent years has decided for whatever reasons to be cooperative with the EU to some extent, isolating himself and Belarus less from the West.

International Criticism of the Regime

Since the referendums to the Belarusian constitution in 1996, President Lukashenko's regime has received tremendous criticism from the international community claiming that Lukashenko established an authoritarian regime and is nothing short of a dictator.

Democracy watchdog organization Freedom House describes Belarus as "not free" because of the issues of human rights and that opponents of the regime are not allowed to speak out against

⁶⁵ Gov.uk. "Financial sanctions, Belarus". (Nov 13, 2012). <https://www.gov.uk/government/publications/financial-sanctions-belarus>. (Date accessed: Aug 11, 2016).

the regime.⁶⁶ Freedom House has claimed that Belarus is not free ever since 1998. The issues that Freedom House has with Belarus has a democratic free country are the same criteria that all western countries and organizations have with Belarus.

The United States has been one of the harshest critics of Lukashenko's political regimes and state-dominated economies. Critique of Belarus increased after 2001 when President Bush became a proponent for spreading democracy around the world and viewed Belarus as an "axis of evil".⁶⁷ This description of Belarus is a bit extreme but former President Bush claimed to have the interests of the Belarusian people at heart. In 2004, US congress signed the Belarus Democracy Act, which would ban certain exports to Belarus, fund the opposition, and reduce financial aid to the government.⁶⁸

All of the criticism of Lukashenko's regime makes it less pleasant for Lukashenko to sustain his regime, and at the same time makes it more likely that Belarus will remain dependent on Russia. International organizations are willing to work with Belarus but maintain that Belarus must also meet them halfway and radically transform its regime. Arguably, Belarus is not cooperating very much with anyone. Belarus is notoriously a difficult state to work with and Lukashenko continues to attempt to isolate himself from the West. Belarus has power in the sense that it acts as a transit country for gas and oil and could use this to its advantage when dealing with Russia if it was not for the massive debt that Belarus has accumulated to Russia over the years.

⁶⁶ Freedom House. "Belarus". (2016). <https://freedomhouse.org/country/belarus>. (Date accessed: Aug 11, 2016).

⁶⁷ The White House. "President Delivers State of the Union Address". (Jan 29, 2002). <https://georgewbush-whitehouse.archives.gov/news/releases/2002/01/20020129-11.html>. (Date accessed: Aug 11, 2016).

⁶⁸ "H.R. 854 (108th): Belarus Democracy Act of 2004". (Feb 13, 2003). <https://www.govtrack.us/congress/bills/108/hr854> . (Date accessed: Aug 11, 2016).

3.3 Investment climate

Belarus encourages investment in Belarus for a variety of reasons and strongly believes that other countries would benefit greatly by cooperating with Belarus. The highly state-owned industrial production is seen as a positive for foreign investment, where 70 percent of the industrial production is under the governmental sector. This is seen as a positive because then the privatized businesses that would like to exist in Belarus can be overseen by the state to ensure that only good business practice takes place. Another positive effect of investing in Belarus would be the highly qualified workforce apparently present in Belarus due to the high level of educated people in the country. Of course, Belarus boasts of its great location and the direct access to EEU countries, which would make convenient and help to maximize profits.⁶⁹

The benefits of investing in Belarus in some aspects are also the drawbacks. The high involvement and ownership of the state of industrial production enterprises leaves little room for privatization and for private businesses to act independently of the government and thus creates an atmosphere of less free-market governance of the business and much more state involvement. This would not be appealing to businesses that were used to operating in countries with less state-involvement also due the high level of paperwork required to make investment possible in the country. Over the years it has become easier to invest in Belarus but it still is not the most favorable place for foreigners to invest.⁷⁰ One of the more appealing options would be the joint-venture of the Great Stone Industrial Park, co-founded by China. This park allows for 10 years of

⁶⁹ National Agency of Investment and Privatization. "Why Belarus?". (2014). <http://investinbelarus.by/en/invest/guide/why/>. (Date accessed: Aug 11, 2016).

⁷⁰ [Ibid.](#)

tax free profits and exists mainly to attract foreign investment and to inject some Chinese capital into the Belarusian economy.⁷¹

3.4 Travel agreements and restrictions

Foreigners from all but around 20 countries cannot enter Belarus without some type of visa. It is not uncommon for countries to have visa restrictions or to only have specific visa exceptions for certain countries who are either neighbors or have some special relationship with the country. In the case of Belarus, what is interesting in their visa exempt list of countries is that there is not one European Union country on this list and only 3 countries (Poland, Romania, and Slovakia) are exceptions if they hold a diplomatic passport. This highlights to some extent the reality that Belarus does not have very open and cooperative relations with the EU, despite the high level of trade that exists between Belarus and some EU countries. Visas are also quite expensive compared to other countries. The standard price for a short-term single entry visa is 60 euros, which is not terribly expensive but makes it more complicated for people who would want to travel to Belarus because not only would they have to go through a lot of paperwork in order to receive a visa, the price of the visa itself is relatively high.⁷²

3.5 Trade

Since this is not economic research and I am not an economist, I will not and simply cannot give an analysis on trade data between Belarus and the rest of the world. I can however examine who

⁷¹ Great Stone Industrial Park. (2013). <http://www.industrialpark.by/en/>. (Date accessed: Aug 11, 2016).

⁷² Belarus.by. "Travel Visas for Belarus". (2009-2016). <http://www.belarus.by/en/travel/travel-visas/>. (Date accessed: Aug 11, 2016).

Belarus' biggest trade partners are and have been by looking at trade data provided by international monetary organizations such as from the International Trade Centre (ITC), the World Trade Organization (WTO, in which Belarus has observer status, and from the UN Comtrade Database. The trade partners of Belarus have remained essentially stable since 2001. Russia remains Belarus' main trading partner in both imports and exports. The EU is important for Belarus as well in both imports and exports. Belarus has some seemingly unlikely trading partners, China and Brazil. China and Belarus have some special projects underway and Lukashenko has been open to expanding his relationship with China. It is not entirely clear what motivates Lukashenko's policies.⁷³⁷⁴

In lieu of all the encouragement from these organizations and the benefits from trading with these partners that are also members with Belarus, in 2013, following Russia and Ukraine the next 7 biggest trading partners with Belarus were not members of the CIS. Six out of these 7 were members of the EU, who despite having a harsh stance against Belarus and the status of human rights and transparency within the country, still maintain good economic relations with Belarus. Within CIS, the main trading partners are Russia, Ukraine, and Kazakhstan, with Russia encompassing nearly 50% of the trade turnover of Belarus. Ukraine holds the second place of trade turnover at nearly 8%, and Kazakhstan only slightly over 1%. The perhaps surprising figure is that China holds 5th place for trade turnover in 2013. Trade turnover with Russia, Ukraine, and

⁷³ UN Comtrade Database. (2016). <http://comtrade.un.org/data/>. (Date accessed: Aug 11, 2016).

⁷⁴ World Bank. "Belarus". (2016). <http://data.worldbank.org/country/belarus>. (Date accessed: Aug 11, 2016).

the entire Customs Union decreased and trade with non-CIS members reached nearly 40% of the total trade turnover in Belarus.⁷⁵

4 Power and Belarus

Belarus' geographical location gives it a certain amount of power in dealing with other more powerful countries. Russian gas and oil travel through Belarus to reach European markets which gives Belarus some bargaining power with Russia and the opportunity to make money by re-selling oil as solvents and lubricants and thus enhancing the Belarusian economy and providing more income to the national budget. Another source of power for Belarus is the special relationship that the state of Russia has with the state of Belarus. The Belarusian government oversees the transit of all the gas and oil going through Belarus but must deal with private Russian companies like Gazprom. The government of Russia has protected Belarus from unfavorable treatment from Gazprom, therefore giving Belarus power by having the Russian government as an ally against Russian private companies. Perhaps the biggest source of power in Belarus is President Lukashenko and his strong following in the country and effectiveness as a leader. He has held his own as a leader in light of immense international pressure to change his regime. As long as Lukashenko remains in power and does not reform his regime, the past has shown that he can withstand this pressure and demonstrates his power as a leader in deterring international criticism from affecting his power.

⁷⁵ Gosudarstvennyi Tamozhennyi Komitet. "Itogi Vneshei Torgovli Respubliki Belarus za Yanvar-Dekabr 2013 Goda". (2013). "http://gtk.gov.by/ru/stats/itogi_vnesh_torgovli2013/dekabr2013_itogi". (Date accessed: Aug 11, 2016).

Belarusian power stems primarily from its role as a transit country for gas to Europe via the Yamal pipeline which begins in Siberia and ends in Poland, but must go directly through Belarus. The gas then moves to Germany from Poland via another German pipeline. Russia is looking into adding another branch to the pipeline which would bypass transit through Belarus and go through the North Sea directly from Russia to Germany. This would increase the ratio of power to dependence, thereby decreasing the power in Belarus against Russia and therefore would increase the power in Russia to increase energy prices in Belarus. Naturally this new pipeline would come as concern to President Lukashenko. Already Belarus and Russia have had disagreements over the gas and oil supply to Belarus from Russia due to Russia wanting more money and Belarus both not wanting to pay more and also not being able to pay what they already owe.

5 Belarus and dependence

Looking back at the method of measuring dependence by James S. Shellenberg, that interdependence is rewards plus costs over the desire and ability to find an alternative partner, it is possible to determine the degree of dependence that Belarus has on others. So what are the costs and rewards that Belarus receives first by its cooperation with certain partners? And does Belarus have the desire or the ability to change who it cooperates with?⁷⁶

According to Robert O. Keohane and Joseph S. Nye interdependence is mutual benefits so relating back to this definition of interdependence Belarus and whoever it cooperates with must

⁷⁶ Schellenberg, James A. "Dependence and Cooperation." *Sociometry* 28, no. 2 (1965): 158-160

have a mutually beneficial relationship. David Baldwin would further this definition by stating that benefits are not necessarily an added reward but are also the avoidance of a cost. This means that the interdependent relationships that Belarus has prevent costs as much or more than the rewards received.⁷⁷

Regarding economic cooperation with Russia, the rewards outweigh the costs and Belarus has some desire to find new economic partners, but the ability is not very great. This translates to Belarus being quite economically dependent on Russia. The Belarusian economy is highly connected to the Russian economy, despite the two countries having very different economic systems. Russia keeps Belarus dependent by offering incentives for Belarus to remain economically connected to Russia and thereby decreasing the desire for Belarus to find new economic partners. Belarus also does not really have the ability when Russia creates this cycle of dependence in Belarus where Russia has a product that is crucial to Belarusian national security and Belarus often does not have the ability to pay for its products, despite its drastically reduced prices.

Belarus has to deal with the costs of dependence as well and not only rewards. The rewards are receiving money and the main cost is a reduction in power. As stated earlier, power is having something that others might want and using that to make the other do what you want. If you do not have something that the partner might need, or you do not have a product that is as crucial as the product received, then there is a decrease in the power to make one's own choices and

⁷⁷ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence*, (USA: Library of Congress Cataloging-in-Publication Data, 1989), 8-10

act in a way that would be for self-interests. Belarus still has power but does not have as much power as Russia because Belarus is more dependent on Russia than Russia is on Belarus.

Belarus Energy Dependency

Belarus' biggest dependence is its reliance on energy sources from Russia. Energy relations are important since they are connected to security and security influences foreign relations. The Yamal pipeline running through Belarus gives Belarus some bargaining power against Russia; however, Lukashenko's isolation from the international community drastically diminishes his bargaining power.⁷⁸ Belarus is dependent on Russia for oil and gas supplies. This dependence started after Belarusian independence in 1991 after no longer being a part of the Soviet Union where all the energy sources were under one giant conglomerate. The Soviet Union as a whole was energy-rich but independent Belarus was energy-poor. This led to dependence on Russia because independent Russia was still energy-rich after gaining independence and Belarus essentially, due to its high energy needs, had no choice but to become reliant on Russia for gas and oil. This in turn impacted the relations that Belarus has with not only Russia, but also the West, and financial organizations like the IMF.⁷⁹ Belarus is dependent on the energy supplies themselves and on the money made by re-transporting the gas to third countries. Belarus gained independence but still remained dependent on Russia and energy sources from Russia. Belarus is the most energy dependent country in the entire FSU and relies on Russia for 100% of its gas supplies and approximately 90% of oil. The Belarusian economy is contingent primarily upon gas

⁷⁸ Balmaceda, Margarita Mercedes, James I. Clem, and Lisbeth L. Tarlow, eds. *Independent Belarus: Domestic Determinants, Regional Dynamics, and Implications for the West*. Harvard University Press, 2002. 295-297

⁷⁹ Balmaceda, Margarita Mercedes. *The politics of energy dependency: Ukraine, Belarus, and Lithuania between domestic oligarchs and Russian pressure*. Vol. 40. University of Toronto Press, 2013. 3, 4

and not oil, and the vast majority of products exports from Belarus rely on gas and therefore low gas prices from Russia.⁸⁰ Belarus does not have very much bargaining power as a transit country since only 20% of gas from Russia is transited through Belarus (opposed to 80 percent transited through Ukraine). Two pipelines run through Belarus and one of them is in fact owned by the Russian company Gazprom, where over 60 percent of gas is transited. Therefore, Belarus would not have the power to deny transiting gas for Russia because Belarusian company Beltransgas only transited 30 some percent of the gas.⁸¹ Nonetheless, this creates less dependence of Russian gas companies on Ukrainian pipelines and slightly less bargaining power to Ukraine since Russia can just use Belarus for transiting some of its energy sources. From 1994 until 2004, Belarusian and Russian energy relations were beneficial for both Russia and Belarus. Belarus received cheap prices and Russia did not have to pay taxes on transiting oil which in turn increased the profits of the Russian energy companies. An issue arose in 2004 between the Russian gas company Gazprom and the Belarusian company Beltransgas when Gazprom accused Beltransgas of stealing gas from their transit pipeline. In response Gazprom suspended its gas supply for what ended up being 24 hours. Margarita M. Balmaceda argues that this event is what changed the relationship between Belarus and Russia and marked the beginning of a new era of relations between the two countries. This lead an increase in the frequency of the threats of increasing energy prices for Belarus, something that would threaten Belarusian sovereignty.⁸² Belarus' energy policy cannot be sustained if Russia stops giving Belarus special treatment. However, somehow in the short-term Lukashenko was able to influence the gas prices to keep them low

⁸⁰ Ibid., 154-156

⁸¹ Ibid., 156

⁸² Balmaceda. *The politics of energy dependency*. 181

and without jeopardizing the relationship with Russia.⁸³ How was Lukashenko able to do this in spite of his low bargaining power? Lukashenko has enough political power and support to be able to manipulate gas and oil prices in a way that remained suitable for Belarus. Belarus still remains dependent on Russia for gas and oil and Belarus has not done very much to decrease this dependence. The only attempt at diversification was purchasing some Venezuelan oil in 2010. But Belarus did not even consider diversification until 2004-2006, when energy prices increased and later relations with Russia became more tense.⁸⁴ The dependence of Belarus on Russian energy and the dependence on the transit profits is not only a threat to Belarusian security, but also it is a risk to the security for Europe and the countries that also rely on Russian energy sources. Balmaceda attributes the risky nature of the energy relations between Russia and Belarus on domestic influences on energy policies.⁸⁵ In 2007, Belarus and Russia had a conflict regarding paying taxes on the oil transited through Belarus. Russia at the time demanded that Belarus pay an export tax entirely to Russia instead of paying no export tax at all. Belarus responded to this by demanding that Russia then pay a transit tax in order to compensate for this tax. This led to a shut off in oil transit to and through Belarus for several days, disrupting the transit of oil to Poland and other EU countries as well.⁸⁶ Since 2007 there have been a series of disputes and resolutions between Russia and Belarus regarding the energy resources. The most significant development was the purchase by Gazprom of all the Beltransgas shares of the Yamal pipeline. In 2010, Gazprom ownership of Beltransgas, the biggest gas transit company in Belarus,

⁸³ Ibid., 206-207

⁸⁴ Ibid., 5

⁸⁵ Balmaceda. *The politics of energy dependency*.6

⁸⁶ Ibid.,194

surpassed 50 percent, giving the Russian gas company the majority of shares. Russia, in 2012, confronted Belarus for exporting oil products under the premise of being lubricants and solvents in an attempt to avoid paying export taxes to Russia.⁸⁷ Although there are disputes about the oil supply to Belarus as well, the main proponent for distress would be the gas dependence in Belarus and the infiltration of Gazprom into Belarus. The Russian government is what made the gas tensions go away, since Gazprom is not a government owned enterprise, but works with the Belarusian state. Therefore, the Russian government in light of disputes would step in on the behalf of Belarus. This special bond and treatment of Belarus is not well understood, especially after the relationship of Belarus and Russia began to deteriorate after the gas disputes beginning in 2004, but coming to a head in 2007. Gazprom wanted to move to market prices for Belarus but was not allowed to do so by the Russian government, although raising prices to CIS and EU countries. Balmaceda and other scholars have described this as the game of “virtual integration” and the desire to keep up the façade that the Union State has not been forgotten.⁸⁸

6 Conclusion

Belarus’ uncooperative relationships with international organizations increase its dependence on Russia by decreasing the degree of power Belarus would be able to gain independent of Russia and therefore increasing the reliance on Russia for financial and political security.

⁸⁷ Ibid., 283

⁸⁸ Balmaceda, Margarita Mercedes. *The politics of energy dependency: Ukraine, Belarus, and Lithuania between domestic oligarchs and Russian pressure*. Vol. 40. University of Toronto Press, 2013. 207

The dependence on Russia also makes it difficult for Belarus to interact with other potential partners because Russia has significant power over Belarus and does not want to lose Belarus as an ally. This deters Belarus from forming any other serious alliances with other international actors.

Lukashenko's power benefits the most from the dependence of Belarus on Russia because popular support favors Lukashenko being president of Belarus, mostly stemming from the legacy of the Union State. This is still a popular idea in Russian politics and helps to secure Lukashenko's power and gives Belarus more bargaining power when dealing with Russia. The Russian government prefers to keep Lukashenko as president since he has alienated himself from the West and therefore must rely on Russia and Russia uses Belarus as a transit country for oil and gas.

Belarus is so dependent on Russia because of Lukashenko's regime which alienates Belarus from the rest of the world. Belarus is heavily reliant on energy from Russia both for consumption and to support the national budget through reselling the oil and gas transited through the country. In the 1990s Lukashenko aligned himself heavily with Russia and the economy became directly reliant on Russia, where economic growth in Russia supported economic growth in Belarus. Nearly half of all Belarusian trade is with Russia so Belarus relies on the Russian market heavily for revenue.

One incentive to lose this dependence on Russia would be to increase the power in Belarus to act independently and decrease the potential of Russia to impose its wants onto Belarus. Lukashenko has remained in power without any issue from Russia but aligning with the West

would threaten his power since the West is very clear that they do not approve of the political and economic regime of Lukashenko. Lukashenko has more incentive to remain connected to Russia in order to keep his power intact. If it is possible to break out of this dependence on Russia remains to be seen. With Lukashenko in power, this is unlikely.

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